

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Marshall Johnson
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner

In the Matter of the Department of
Commerce/TAM's 2006 Annual Report

ISSUE DATE: May 17, 2007

DOCKET NO. P-999/07-1

In the Matter of the Department of
Commerce/TAM's 2008 Fiscal Year Proposed
Budget and Surcharge Recommendation

DOCKET NO. P-999/CI-07-257

ORDER ACCEPTING ANNUAL REPORT,
APPROVING PROPOSED BUDGET AND
INCREASING SURCHARGE

PROCEDURAL HISTORY

On January 31, 2007, the Minnesota Department of Commerce (the Department) filed the 2006 Annual Report on Telecommunications Access Minnesota (TAM) as required by Minnesota Statutes § 237.55. The report indicated a fund balance of \$6.781 million at the end of Fiscal Year (FY) 2006, and projected a fund balance of \$3.171 million at the end of FY 2007.

On March 29, 2007, the Department of Commerce/TAM filed its Fiscal Year 2008 budget and surcharge recommendation pursuant to Minnesota Stat. § 237.52. DOC/TAM proposed a \$5.859 million budget for Fiscal Year (FY) 2008, and recommended increasing the monthly surcharge that finances TAM from \$.03 to \$.06 for each wired and wireless telephone subscriber line in Minnesota.

This matter came before the Commission on May 3, 2007.

FINDINGS AND CONCLUSIONS

I. Background

The Telecommunications Access Minnesota program (TAM, formerly Telecommunications Access for Communication Impaired Persons or TACIP) seeks to make Minnesota's telecommunications system fully accessible to communications-impaired persons. Initially administered by an independent board, the Legislature subsequently transferred the program's

duties to the Department (DOC/TAM). As noted above, TAM is funded by a surcharge on all access lines, wired and wireless, currently at \$ 0.03 per month.

TAM has two components: the Telephone Equipment Distribution (TED) Program and the Minnesota Relay Service (MRS). The TED program provides the specialized telecommunications equipment required for eligible deaf, hard-of-hearing, speech-impaired and mobility-impaired persons to have access to the telecommunications network. Minnesota Relay Service relays calls between standard telephone users and people using a telephone device for the deaf/teletypewriter (TTD/TTY), a wireless phone, or a personal computer. In addition to the expense of TED and MRS, the TAM budget covers the cost of administration and consumer relations, including efforts to publicize MRS and to handle customer complaints.

II. FY 2007 Budget Proposal

The DOC proposed a TAM budget of \$ 5.859 million for FY 2008. This represents an overall decrease of 17.4 percent.

This budget reflects the results of a number of program changes. For example, DOC/TAM began producing its promotional materials in-house, thereby eliminating the need to contract for professional and technical service with outside vendors, for a resultant budget decrease of nine percent. DOC/TAM also reduced the budget for the MRS contract by 18 percent, reflecting decreased minutes of use of traditional relay and CapTel or captioned telephone service.

The main components of the FY 2008 Budget, with comparative figures for the previous year, are as follows:

	<u>FY 2008 Budget (Proposed)</u>	<u>FY 2007 Actual (Projected)</u>	<u>FY 2007 Budget</u>	<u>Change in Budgeted Amounts</u>
TAM Admin.	\$ 450,370	\$ 241,975	\$ 494,150	\$- 43,780
TED	1,731,039	1,626,245	2,101,500	- 370,461
MRS	3,677,345	3,464,320	4,498,000	- 820,655
Total	\$ 5,858,754	\$ 5,332,540	\$ 7,093,650	\$- 1,234,896

III. The Surcharge Proposal

DOC/TAM recommended increasing the surcharge level from \$0.03 to \$0.06 per month for each telephone subscriber line in the state.

Following last year's decision to reduce the surcharge from \$0.07 to \$0.03, the surplus in the TAM fund has been reduced by \$3.4 million, essentially cutting the prior surplus in half. The DOC/TAM recommended that the fund balance equal two months of operation expenses, which in 2008 would equal approximately \$1.1 million. DOC/TAM recommended that a surcharge amount of \$0.06 would allow for sufficient funding of TAM and other programs, while maintaining a moderate fund balance adequate to provide for the payment of expenses for the recommended two-month period.

IV. Implementation Date

Assuming the Commission were to order a change in the TAM surcharge, DOC/TAM recommends that this change take effect on July 1, 2007.

V. Commission Action

The Commission has reviewed DOC/TAM's Annual Report for FY 2006 and its proposed budget for FY 2008. The Commission finds these documents well-supported and reasonable, and will approve them.

The Commission has reviewed DOC/TAM's recommendation to increase the monthly surcharge for each wired and wireless subscriber line in the state from \$ 0.03 per month to \$ 0.06 per month, finds it reasonable and will approve it.¹ Reducing the surcharge to \$0.03 in 2006 accomplished its purpose of drawing the TAM fund balance down to a more appropriate level, and helped to ensure that the funds collected by the surcharge are promptly used for their intended purposes.

The Commission will direct affected service providers to implement the change in the TAM surcharge on July 1, 2007, and to file conforming tariffs within 30 days of this Order.

The Commission accepts the Department of Commerce's practice of permitting carriers to use language the same or similar to the following in their tariffs related to the surcharge ordered by the Commission:

The surcharge is the effective rate ordered by the Minnesota Public Utilities Commission. The Company is responsible for billing, collecting and remitting the surcharge to appropriate government agencies.

The Commission also requests that the Department post the current surcharge with a reference to the relevant Commission Order on the Department's website.

¹ In setting the \$0.03 surcharge last year, the Commission acknowledged that it may not be sustainable indefinitely, and that DOC/TAM anticipated seeking to increase the surcharge in future years.

ORDER

1. The Commission approves DOC/TAM's 2006 Annual Report, FY 2008 budget proposal, and proposal to increase the TAM surcharge from \$ 0.03 to \$ 0.06 per line per month.
2. All affected service providers shall implement the surcharge change effective July 1, 2007.
3. Within 30 days of this order, local service providers shall file any necessary revised tariffs reflecting the change in the surcharge.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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